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item is \$50, plus tax. It would be better for them perhaps to be relieved of that problem and to have the manufacturers saddled with it.

However, the method of handling the matter by imposing the tax on the manufacturer does absolutely nothing for the consumers. I am addressing myself now particularly to the subject of ladies' handbags.

Historically, we have considered the items that are being taxed at the retail level as luxuries. A handbag, however, is just as necessary a part of a lady's equipment as her dress or her shoes. Where will she carry her money? She could hide it on her person somewhere, I suppose. But what will she do with her charge-a-plate, her credit cards, her driving license, and all the other paraphernalia of this century? A pocket-book is just as necessary a part of a woman's wardrobe as are the pockets of a man's suit. We have never suggested putting a tax on the pockets in a man's suit. A woman carries only one pocket-book, whereas a man has many pockets in his clothes. This is discriminatory against the ladies in that respect. With the great chivalry for which the chairman and the members of the committee are renowned, I am amazed that they would permit the continuance of a tax which seems to me to be unchivalrous. Other adjectives could be used to describe it.

The garment industry would be greatly upset if we started taxing men's pockets and provided that when a man's suit is made, if it has pockets in it, it has to be subject to an excise tax. But it is just as sensible as taxing a woman's handbag at the source.

Some kind of pocketbook is an absolute necessity for a woman all the way from kindergarten, where she carries her pennies to school to buy milk, up to the First Lady of our land. It is an absolute necessity. They are even issued to the women in the Armed Forces.

In that respect it seems to me to present a separate problem. It has been promised that the excise tax would be removed. The tax was supposed to be a temporary tax.

There is another very important argument from the point of view of the handbag industry. Twenty percent of the purses and handbags that are sold in this country come from abroad. Of these, half are imported directly by the retailer from the oversea manufacturer. So you would still have a large number of retailers responsible for carrying the burdens of paperwork and reporting connected with collection of the tax. For those who import these articles from manufacturers abroad, the committee amendment would inject an element of disadvantage, of unfair competitive impact.

Finally, I come to what is perhaps the most serious argument against doing what the proponents are trying to do, which is to take off the tax as a retail tax and add it as a manufacturers' tax. As a retail tax it is very apparent; it is an annoyance; it is a constant source of irritation, and the pressure is to get it off. We are all cognizant of that pres-

sure. If the tax is removed and buried among the manufacturer's excise taxes, without a hearing or without any opportunity for the manufacturers or the thousands of people who work for them to be heard, the pressure will come off, but the consumers will not save any money. They will pay as much as they ever did for handbags. But the pressure to get the tax off will be at a minimum.

We know how manufacturers' excise taxes are now considered. There is nothing like the pressure to get them off that there is at the retail level. The proposal is a step toward writing the tax into the permanent law of our land and to forget all about the commitment that we made that, as soon as the emergency was over, the taxes would come off.

I share the view of the Senator from Rhode Island that all excise taxes should come off. I would be delighted to support an amendment to take them off, and if necessary, I am prepared to offer one, because I think such an amendment would be justified. But certainly as to the item of ladies' handbags, which is a necessary part of the accessories of women in all walks of life and in all economic situations, we certainly should take off that excise tax so that there will be some benefit to the consumer. The only benefit under the bill should not go only to the retail businessman. I would be very glad to see him get that relief. But we also ought to think of the consumers when we are dealing with the problem.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. JAVITS. First, I compliment my colleague for proposing the amendment, despite the effort to divert it by the committee amendment to the bill which would make the present tax a manufacturer's excise tax. Second, I wish to identify myself with the arguments which my colleague has made. Third, I wish to point out what the provision in the committee amendment really is. It is essentially a bookkeeping amendment. All that the proponents would do would be to shift the burden of bookkeeping. All of us who have been in the battle before and are in it now know what will happen.

I believe only one word of explanation is needed as to why the proposal would not help the consumer. The retailer sets his price by adding his profit to his cost of operation and the price charged him by the manufacturer. Under present law, the excise tax is then added at the retail level. The retailer adds the tax on after he has paid the wholesale price and has added on his markup. Under the committee proposal the manufacturer would pay the tax and would pass it on to the retailer, who would then compute his markup on the tax as well as on the wholesale price. Therefore, when the product got to the consumer, it would have exactly the same price that it had before. The only person who would receive less money would be Uncle Sam. Mr. President, that is nothing but kidding ourselves and kidding the public. It is for that reason that I thoroughly agree with my colleague, and I am very pleased to join with him in sponsoring the amendment.

Mr. KEATING. I am grateful to my colleague for his remarks.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. KEATING. I yield to the distinguished Senator from Colorado.

Mr. ALLOTT. I wish to concur in the remarks previously made by the distinguished Senator from Rhode Island. I concur in the amendment offered by the distinguished junior Senator from New York, and say that I am in whole-hearted support of his amendment. Other categories of commodities are in the same class. They were all included in the amendment offered by the distinguished Senator from Kentucky [Mr. MORTON] on behalf of the Senator from Illinois [Mr. DIRKSEN] last year.

It seems to me that the proposal is the biggest bunch of "hokeypokey" that has ever been attempted to be inflicted upon the Congress. First, as has been stated several times, consumers will not save one dollar on the price of their goods, whether it be luggage, jewelry, handbags, or cosmetics. They would still have to pay the same price after the bill was passed. So the proposal offers no tax relief to anyone. It would result in a loss to the Federal Government of about \$259 million a year. We would take a cut in the income from that tax of one-half of the present tax in order to shift the burden over from the retail level to the manufacturer's level. What would we do when we took such action? We would do exactly as the Senator from New York has pointed out. We would hide it. Thereby we would hope to deprive the Government of the pressures that would come to get rid of this regressive tax.

We cannot justify the tax upon any basis other than the basis upon which it was originally put on the statute books, and that is as a war tax. The purpose then, of course, was to raise revenue. But also at the same time it was proposed to discourage purchases and to divert into the war effort the great effort that was going into the areas covered by the tax.

The proposed action would relieve the retailers. That is true. What would happen?

Mr. President, we have cut the income tax this year by \$11.3 billion. That is a tax which is spread over everyone according to his ability to pay and according to what he earns. If we should pass the bill, we would leave an unfair tax burden on a relatively small group of industries in this country of \$259 million, which is only 2.3 percent of the income tax cut that we gave to the country earlier in the year.

I sometimes believe that people looking at the Congress must think we are doing the dance of the gooneybirds. How ridiculous can we become to take \$11.3 billion off the income tax and then impose this utterly unfair, unjust, and regressive tax on a small group of manufacturers. We shall hide it.

reviewing this subject, when it is considering the excise taxes in general, we shall have an opportunity to be heard, because certainly a good case can be made for the elimination of that 3 percent.

Mr. McCARTHY. The Senator is quite correct. We are assured that the Ways and Means Committee will consider all excise taxes in its review of the whole tax area.

The Senator from Michigan makes the argument against 3 percent as a Korean war tax. There is discussion about the commitment to repeal the Korean taxes. The taxes we are discussing here are retail sales taxes. They have been on the books in some form or other for some time—in the case of jewelry, as far back as 1917. It was reimposed in 1932 in the form of a manufacturer's excise tax. It was imposed again in 1941 as a retail sales tax. All this was long before the Korean war, of course. The same is roughly true with regard to furs, toilet preparations and cosmetics, and luggage. So if any Senators feel that there is some kind of moral obligation to repeal these taxes at the present time, or that some kind of commitment was made at the time of the Korean war, they are absolutely free, because these are not exclusively Korean wartime taxes. This is a different problem.

Mr. McNAMARA. I do not disagree with that statement, but I wish to emphasize what I previously stated, that prior to the Korean war the excise tax was 7 percent, and now it is 10 percent.

Mr. McCARTHY. The Senator from Michigan makes a case for repealing the 3-percent additional tax as a Korean wartime tax. Senators who are making the Korean wartime argument with regard to retail sales taxes do not have a case for justification.

Mr. McNAMARA. Mr. President, I wish to quit while I am in this condition in the RECORD. I thank the Senator.

Mr. KEATING. Mr. President, I send to the desk an amendment and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 15, strike out lines 4 and 5 in their entirety.

On page 16, line 3, strike out the word "handbags."

On page 17, line 4 and following, strike the line "Part VII. Luggage, handbags, etc." and substitute therefor the line "Part VII. Luggage, etc."

On page 18, line 19, strike the word "HANDBAGS."

Mr. KEATING. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Arizona [Mr. HAYDEN], who has an important resolution to submit, and that I shall retain the floor after this business has been completed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Sen. Keating

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1965

Mr. HAYDEN. Mr. President, from the Committee on Appropriations, I re-

port favorably, without amendment, the joint resolution (H.J. Res. 1056) making continuing appropriations for the fiscal year 1965, and for other purposes, and I submit a report (No. 1116) thereon.

Mr. President, I ask unanimous consent that the Senate immediately proceed to the consideration of House Joint Resolution 1056.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. House Joint Resolution 1056, making continuing appropriations for the fiscal year 1965, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, this joint resolution is similar to continuing resolutions which the Senate has agreed to in prior years, and provides, pending the enactment of the appropriation bills, for the continuation of appropriations during July and August 1964.

In those instances when bills have passed both bodies and the amounts or authority therein differ, the pertinent project or activity shall be continued under the lesser of the two amounts approved or under the more restrictive authority.

When a bill has passed only one House, or when an item is included in only one version of the bill as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate of operations not exceeding the fiscal 1964 rate, or the rate permitted by the one House, whichever is lower.

In the instance when neither House has passed an appropriation bill for fiscal 1965—and in the case of the National Aeronautics and Space Administration and grants for Library Services, which are continuing programs and where budget estimates are pending—amounts are approved for continuing projects or activities conducted in fiscal 1964 not in excess of the current year's rate, or at the rate provided for in the budget estimate, whichever is lower.

Several continuing programs in the Department of Health, Education, and Welfare—authorization for which expires on June 30, 1964, but for which authorization legislation is pending—have been continued at the current rate.

Mr. President, for the information of the Senate, I would like to report the status of the various appropriation bills for fiscal year 1965.

Hearings have been completed on the District of Columbia appropriation bill.

The appropriation bills for the Departments of the Interior, the Treasury, and Post Office, and Executive Office of the President, with their related agencies, passed the Senate earlier this week.

The hearings on the legislative and public works appropriation bills are about 95 percent completed; Departments of Labor, and Health, Education, and Welfare, about 90 percent completed; Independent offices and Department of

Agriculture, each about 75 percent completed; Department of Defense, 60 percent completed; Departments of State, Justice, Commerce, the judiciary, and related agencies, about 50 percent completed; and military construction hearings are underway.

The foreign aid appropriation bill is still in the House, and Senate hearings have not as yet been scheduled on that bill.

I move the adoption of House Joint Resolution 1056.

The House joint resolution was ordered to a third reading, was read the third time, and passed.

EXCISE-TAX RATE EXTENSION ACT OF 1964

The Senate resumed the consideration of the bill (H.R. 11376) to provide a 1-year extension of certain excise-tax rates.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING].

Mr. KEATING. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, like the distinguished Senator from Rhode Island [Mr. PASTORE], I regret that our colleague the minority leader [Mr. DIRKSEN] is not pressing his amendment to repeal these excise taxes completely, in accordance with the promise made to the American people when they were put on—which should have been done long ago.

I can see the minority leader's position, and the practical effect of it. But it seems to me that the mere fact that the other body declined to accept a motion to recommit with instructions which embodied the substance of his amendment, is no reason why we should not now at least try to remove these excise taxes.

When this matter was before us at a prior time, the vote was so close that it seems to me quite possible that we would now feel differently and would remove these taxes. However, I am limiting the application of this amendment to ladies' purses and handbags only, with the intention that if the amendment should be agreed to or come very close to receiving approval, then it would be in order for me to press an amendment to repeal all of the retail excises.

The category referred to in the amendment before us—ladies' handbags—is an item of necessity. It stands in a somewhat different category than all the other retail taxes which we have been discussing. It is true that the committee by transferring this tax from the retailers to the manufacturers, as has been pointed out, acted without any hearing or reasonable opportunity on their part to be heard as to whether they liked it or not—and they do not like it. We have all received many telegrams indicating that they do not like it—it would undoubtedly confer a reasonable measure of relief upon almost 2 million retailers throughout the country who have this paperwork to do now, and who are deluged with it. Probably it is a great inconvenience to them. They do not like to say that a certain